

**CHANDLER TOWNSHIP
HURON COUNTY, MICHIGAN**

**FINANCIAL STATEMENTS
MARCH 31, 2006**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Chandler Township	County Huron
Fiscal Year End 03/31/06	Opinion Date 09/22/06	Date Audit Report Submitted to State 09/29/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

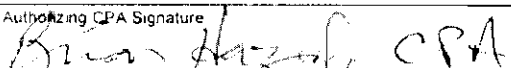
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No letter of comments required	
Other (Describe)	<input type="checkbox"/>	No Single Audit Reports required	
Certified Public Accountant (Firm Name) Nietzke & Faupel, PC		Telephone Number 989-453-3122	
Street Address 7274 Hartley Street		City Pigeon	State MI
Authorizing CPA Signature 		Printed Name Brian Hazard	Zip 48755
		License Number 1101014007	

CHANDLER TOWNSHIP

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Members of: Michigan Association of Certified Public Accountants • American Institute of Certified Public Accountants

ALLAN W. NIETZKE, CPA
DONALD C. FAUPEL, CPA
JEFFREY P. BUSHEY, CPA
BRIAN V. HAZARD, CPA

CPA's On Your Team

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Chandler Township
Elkton, Michigan 48731

We have audited the accompanying financial statements of the governmental activities and each major fund of Chandler Township, as of and for the year ended March 31, 2006, which collectively comprise Chandler Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Chandler Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Chandler Township, as of March 31, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplemental information on pages ii through v and 14 through 17 are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Nietzke & Faupel, PC
NIETZKE & FAUPEL, P.C.
PIGEON, MICHIGAN

September 22, 2006

Circle 200 Disclosure: To the extent the above contains an opinion on one or more federal tax issues, such opinion was not written to be used and cannot be used for the purpose of avoiding penalties.

7274 Hartley St. • Box 499 • Pigeon, MI 48755
989.453.3122 • Fax 989.453.2219

email@nfcpa.com
www.nfcpa.com

41 E. Main St. • Sebewiang, MI 48759
989.833.3122 • Fax 989.833.3400

Our discussion and analysis of Chandler Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2006. Please read it in conjunction with the Township's financial statements.

Financial Highlights

The following points represent the most significant financial highlights for the year ended March 31, 2006. These points are discussed in further detail in this discussion and analysis.

- The Fund balance in the general fund increased from \$430,795 to \$465,762 during the past year. The increase of \$34,967 is due primarily from the increase in interest income.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view. They tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

The Township as a Whole

The following table shows a condensed view of the net assets as of March 31, 2006

	Governmental Activities	Total
Current assets	\$ 466,156	\$ 466,156
Capital assets	50	50
	<u>50</u>	<u>50</u>
Total assets	<u>\$ 466,206</u>	<u>\$ 466,206</u>
Current liabilities	\$ 226	\$ 226
	<u>226</u>	<u>226</u>
Total liabilities	<u>\$ 226</u>	<u>\$ 226</u>
Net assets:		
Invested in capital assets	\$ 50	\$ 50
Restricted	40,072	40,072
Unrestricted	<u>426,092</u>	<u>426,092</u>
Total net assets	<u>\$ 466,214</u>	<u>\$ 466,214</u>

Unrestricted net assets for governmental activities, the part of net assets that can be used to finance day-to-day operations, ended the fiscal year with a balance of \$426,092. This is approximately 91% of the total net assets for governmental activities.

The following table shows the changes of the net assets during the year ended March 31, 2006:

	<u>Governmental Activities</u>	<u>Total</u>
Net assets-beginning of year	<u>\$ 496,122</u>	<u>\$ 496,122</u>
Revenue		
Property taxes	217,574	217,574
State shared revenues	36,631	36,631
Unrestricted Investment earnings	13,645	13,645
Contributions	52,136	52,136
Miscellaneous	4,465	4,465
	<u>324,451</u>	<u>324,451</u>
Total revenues	<u>324,451</u>	<u>324,451</u>
Expenses		
General government	52,154	52,154
Public safety	17,570	17,570
Highways and streets	284,635	284,635
	<u>354,359</u>	<u>354,359</u>
Total expenses	<u>354,359</u>	<u>354,359</u>
Change in net assets	<u>(29,908)</u>	<u>(29,908)</u>
Net assets - ending	<u>\$ 466,214</u>	<u>\$ 466,214</u>

Government Activities

This is the first year of implementation of GASB No. 34. Because of this, comparative information on a government-wide basis is not available for this year, but it will be presented in the Management's Discussion and analysis for the year ending March 31, 2008.

Capital asset and Debt Administration

As of March 31, 2006, Chandler Township had a total of approximately \$50 (net of depreciation) invested in capital assets including land, buildings and equipment.

Economic Factors and Next Year's Budgets and Rates

The Township completed the re-paving project of local roads during the past year. With no major road construction projects scheduled for the upcoming year, we plan on replenishing our fund balances for upcoming road construction projects.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions about this report or requests for additional information should be addressed to Kevin Roestel, Township clerk, Filion Road, Pigeon, MI 48755.

CHANDLER TOWNSHIP
STATEMENT OF NET ASSETS
March 31, 2006

<u>ASSETS</u>	GOVERNMENTAL <u>ACTIVITIES</u>
Cash on hand and in bank	\$ 445,807
Receivables:	
Taxes	15,249
Prepays	5,100
Capital assets:	
Land and building	8,050
Equipment	2,000
Less: Accumulated depreciation	(10,000)
TOTAL ASSETS	<hr/> 466,206 <hr/>
<u>LIABILITIES</u>	
Payroll withholdings payable	226
TOTAL LIABILITIES	<hr/> 226 <hr/>
<u>NET ASSETS</u>	
Invested in capital assets	50
Restricted for:	
Emergency services	40,072
Unrestricted	426,092
TOTAL NET ASSETS	<hr/> \$ 466,214 <hr/>

The accompanying notes are an integral
part of the financial statements.

CHANDLER TOWNSHIP

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2006

	PROGRAM REVENUES			NET (EXPENSE) REVENUES & CHANGES IN NET ASSETS GOVERNMENTAL ACTIVITIES
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
<u>Governmental Activities</u>				
General government	\$ 52,154			\$ (52,154)
Public safety	17,570			(17,570)
Highways and streets	284,635		\$ 52,136	(232,499)
Total Governmental Activities	\$ 354,359	\$ -	\$ 52,136	(302,223)
General Revenue:				
Property taxes				217,574
State shared revenues				36,631
Unrestricted investment earnings				13,645
Miscellaneous				4,465
Total general revenues				272,315
Change in net assets				(29,908)
Net assets - beginning				496,122
Net assets - ending				\$ 466,214

The accompanying notes are an integral part of the financial statements.

CHANDLER TOWNSHIP

BALANCE SHEET - GOVERNMENTAL FUNDS
March 31, 2006

ASSETS	GENERAL	ROAD CONSTRUCTION	TOTAL GOVERNMENTAL FUNDS
Cash on hand and in bank	\$ 445,807		\$ 445,807
Receivables:			
Taxes	4,430	\$ 10,819	15,249
Due from other funds	10,651		10,651
Prepays	5,100		5,100
TOTAL ASSETS	\$ 465,988	\$ 10,819	\$ 476,807
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Payroll withholdings payable	\$ 226		\$ 226
Due to other funds		\$ 10,417	10,417
TOTAL LIABILITIES	226	10,417	10,643
FUND BALANCES:			
Reserved for emergency services	40,072		40,072
Unreserved	425,690	402	426,092
TOTAL FUND BALANCES	465,762	402	466,164
TOTAL LIABILITIES AND FUND BALANCES	\$ 465,988	\$ 10,819	\$ 476,807

The accompanying notes are an integral part of the financial statements.

CHANDLER TOWNSHIP

RECONCILIATION OF GOVERNMENTAL FUND BALANCES
TO GOVERNMENTAL ACTIVITIES NET ASSETS
MARCH 31, 2006

Total governmental fund balances	\$ 466,164
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. The cost of the assets is \$10,050 less the accumulated depreciation of \$10,000.	50
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Net assets - governmental activities	<u>\$ 466,214</u>
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CHANDLER TOWNSHIP
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	<u>GENERAL</u>	<u>ROAD CONSTRUCTION</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUE:			
Taxes	\$ 56,341	\$ 153,419	\$ 209,760
Administration fees	7,814		7,814
Licenses and permits	330		330
State revenue sharing	36,631		36,631
Investment income	12,440	1,205	13,645
Other	4,135		4,135
Contribution from private source		52,136	52,136
TOTAL REVENUES	<u>117,691</u>	<u>206,760</u>	<u>324,451</u>
EXPENDITURES:			
General government	52,154		52,154
Public safety	17,570		17,570
Highways and streets		284,635	284,635
TOTAL EXPENDITURES	<u>69,724</u>	<u>284,635</u>	<u>354,359</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>47,967</u>	<u>(77,875)</u>	<u>(29,908)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers (out)	(13,000)	13,000	-
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>34,967</u>	<u>(64,875)</u>	<u>(29,908)</u>
FUND BALANCE - BEGINNING OF YEAR	430,795	65,277	496,072
FUND BALANCE - END OF YEAR	<u>\$ 465,762</u>	<u>\$ 402</u>	<u>\$ 466,164</u>

The accompanying notes are an integral
part of the financial statements.

CHANDLER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Township operates under a board-supervisor form of government and provides the following services as authorized by its charter: Public Safety-Fire and Ambulance, Highways and Streets, Cemetery, Public Improvements, Planning and Zoning, and General Administrative Services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used in the Township is discussed below.

In June 1999, GASB unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the Township's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Township has elected to implement the general provisions of the Statement in the current year.

Reporting Entity

In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic--but not the only--criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestations of this ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units which should be included in the reporting entity of Chandler Township.

CHANDLER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Government Wide and Fund Financial Statements:

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental type. The Township's general administrative services, public safety, highways and public improvements and cemetery, are classified as governmental activities.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they become available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the Township are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

CHANDLER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (Continued)

State revenue sharing, charges for services, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the Township.

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The Township reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and Special Revenue Funds are identical. The Township accounts for the Road Construction in the special revenue fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans or "advances to/from other funds"). All other outstanding balances between funds are reported as "due to/from other funds."

Other receivables at March 31, 2006 consist of property taxes and interest. Taxes are deemed collectible in full.

CHANDLER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Property Taxes:

Properties are assessed as of December 31, and the related property taxes become a lien on December 1, of the following year. These taxes are due on February 14, with the final collection date of February 28, before they are added to the county tax rolls.

The delinquent real property taxes of the Township are purchased by the County of Huron. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year.

Capital Assets:

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 to 50
Machinery and equipment	5 to 20
Improvements other than buildings	20

A summary of Governmental Fund capital assets at March 31, 2006, follows:

Land	\$ 50
Buildings	8,000
Equipment	2,000
Less accumulated depreciation	(10,000)
NET GOVERNMENTAL FUND CAPITAL ASSETS	<u>\$ 50</u>

CHANDLER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Use of Estimates:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 - CASH DEPOSITS:

At March 31, 2006, the carrying amount of the Township's deposits was \$446,041 and the bank balance was \$447,044. Of the bank balance, \$100,000 was covered by federal depository insurance and \$347,044 was uncollateralized.

Michigan Compiled Laws Section 129.91 authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Township's deposits are in accordance with statutory authority. The Township's investment policy does not specifically address credit risk, custodial credit risks, concentration of credit risk, or interest rate risk in accordance with GASB Statement 40.

NOTE 3 - BUDGET COMPLIANCE:

In the required supplemental information, the Township's actual expenditures and budgeted expenditures, as amended, for budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the line item level.

P.A. 2 of 1968, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. Actual expenditures exceeded budgeted expenditures in the following budgetary funds.

	<u>TOTAL APPROPRIATION</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
Road Fund	\$ 146,000	\$ 284,635	\$ (138,635)

CHANDLER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

NOTE 4 - RETIREMENT PLAN:

During the year ended March 31, 1992, Chandler Township established a defined contribution group pension plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of these contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. To be eligible to participate in the Plan, an employee of the Township must be in an eligible class of employees. For Chandler Township, the eligible class of employees are employees who are elected officials. Contributions made by an employee and contributions made by the Township vest immediately. An employee who leaves the employment of the Township is entitled to his or her contributions and the Township's contributions if vesting requirements are satisfied. Each employee may make single sum voluntary after tax contributions at times specified by the Plan Administrator during each plan year. The Township is required to contribute an amount equal to 15% of the employee's gross earnings.

During the year the Township's required and actual contributions amounted to \$4,120 which was 18.5% of its current-year covered payroll. The excess contributions made by the Township were in recognition of employee service prior to the Plan's original effective date. The Township's current-year covered payroll and total payroll amounted to \$22,245.

NOTE 5 - RISK MANAGEMENT:

Significant losses are covered by commercial insurance. For the year ended March 31, 2006, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

REQUIRED SUPPLEMENTAL INFORMATION

CHANDLER TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
TAXES:				
Taxes			\$ 56,341	
Administration fees			7,814	
TOTAL TAXES	<u>\$ 62,200</u>	<u>\$ 62,200</u>	<u>64,155</u>	<u>\$ 1,955</u>
LICENSES AND PERMITS	300	300	330	30
INTERGOVERNMENTAL:				
State revenue sharing	40,000	40,000	36,631	(3,369)
INTEREST	500	500	12,440	11,940
OTHER REVENUE	2,000	2,000	4,135	2,135
TOTAL REVENUES	<u>105,000</u>	<u>105,000</u>	<u>117,691</u>	<u>12,691</u>
EXPENDITURES:				
General Government				
TOWNSHIP BOARD:				
Trustee salaries			1,920	
Retirement			486	
Professional fees			650	
Dues			460	
Travel			24	
Education			224	
TOTAL TOWNSHIP BOARD	<u>6,000</u>	<u>6,000</u>	<u>3,764</u>	<u>2,236</u>
SUPERVISOR:				
Salary			6,775	
Retirement			1,218	
Payroll taxes			98	
Education			1,407	
Supplies			236	
TOTAL SUPERVISOR	<u>10,000</u>	<u>10,000</u>	<u>9,734</u>	<u>266</u>

CHANDLER TOWNSHIP

**GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
ELECTIONS:				
Supplies			8	
TOTAL ELECTIONS	<u>3,000</u>	<u>3,000</u>	<u>8</u>	<u>2,992</u>
ASSESSOR:				
Salary			5,064	
Tax roll preparation			1,744	
TOTAL ASSESSOR	<u>7,500</u>	<u>7,500</u>	<u>6,808</u>	<u>692</u>
CLERK:				
Salary			6,250	
Deputy clerk			325	
Retirement			1,119	
Payroll taxes			270	
Legal notices			113	
TOTAL CLERK	<u>8,500</u>	<u>8,500</u>	<u>8,077</u>	<u>423</u>
BOARD OF REVIEW:				
Salaries			910	
Payroll taxes			70	
TOTAL BOARD OF REVIEW	<u>1,300</u>	<u>1,300</u>	<u>980</u>	<u>320</u>
TREASURER:				
Salary			7,300	
Deputy treasurer			250	
Retirement			1,297	
Payroll taxes			129	
Office supplies			913	
Travel			210	
TOTAL TREASURER	<u>12,000</u>	<u>12,000</u>	<u>10,099</u>	<u>1,901</u>
TOWNSHIP HALL AND GROUNDS:				
Insurance			3,700	
Utilities			133	
TOTAL TOWNSHIP HALL AND GROUNDS	<u>4,600</u>	<u>4,600</u>	<u>3,833</u>	<u>767</u>
CEMETERY:				
Repairs and maintenance	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>

(Continued)

CHANDLER TOWNSHIP

**GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
FIRE FIGHTING:				
Standby fees	<u>17,500</u>	<u>17,500</u>	<u>15,900</u>	<u>1,600</u>
BUILDING INSPECTOR:				
Inspection fees	<u>600</u>	<u>600</u>	<u>330</u>	<u>270</u>
PLANNING AND ZONING:				
Salaries	<u>1,500</u>	<u>1,500</u>	<u>1,020</u>	<u>480</u>
DRAINS:				
Drains at large	<u>6,600</u>	<u>6,600</u>	<u>4,783</u>	<u>1,817</u>
STREET LIGHTING:				
Utilities	<u>550</u>	<u>550</u>	<u>218</u>	<u>332</u>
AMBULANCE:				
Contracted services	<u>2,500</u>	<u>2,500</u>	<u>1,670</u>	<u>830</u>
CAPITAL OUTLAY:				
Township hall and grounds	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
TOTAL EXPENDITURES	<u>85,650</u>	<u>85,650</u>	<u>69,724</u>	<u>15,926</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>19,350</u>	<u>19,350</u>	<u>47,967</u>	<u>28,617</u>
OTHER FINANCING (USES):				
Operating transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(13,000)</u>	<u>37,000</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(30,650)</u>	<u>(30,650)</u>	<u>34,967</u>	<u>65,617</u>
FUND BALANCE - APRIL 1, 2005	<u>430,795</u>	<u>430,795</u>	<u>430,795</u>	
FUND BALANCE - MARCH 31, 2006	<u>\$ 400,145</u>	<u>\$ 400,145</u>	<u>\$ 465,762</u>	<u>\$ 65,617</u>

**CHANDLER TOWNSHIP
ROAD CONSTRUCTION FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET - FAVORABLE (UNFAVORABLE)</u>
REVENUE:				
Taxes			\$ 153,419	
Investment income			1,205	
Other			52,136	
TOTAL REVENUE	<u>\$ 146,000</u>	<u>\$ 146,000</u>	<u>206,760</u>	<u>\$ 60,760</u>
EXPENDITURES:				
Road construction			278,646	
Dust and brush control			5,989	
TOTAL EXPENDITURES	<u>146,000</u>	<u>146,000</u>	<u>284,635</u>	<u>(138,635)</u>
EXCESS OF REVENUE (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(77,875)</u>	<u>(77,875)</u>
OTHER FINANCING SOURCES:				
Operating transfers in	50,000	50,000	13,000	(37,000)
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>50,000</u>	<u>50,000</u>	<u>(64,875)</u>	<u>(114,875)</u>
FUND BALANCE - APRIL 1, 2005	<u>65,277</u>	<u>65,277</u>	<u>65,277</u>	
FUND BALANCE - MARCH 31, 2006	<u>\$ 115,277</u>	<u>\$ 115,277</u>	<u>\$ 402</u>	<u>\$ (114,875)</u>